



THE OFFICE OF
**SMALL CREDIT UNION
INITIATIVES**

Committed to small credit union success.

2012 Achievements

National Credit Union Administration
Office of Small Credit Union Initiatives
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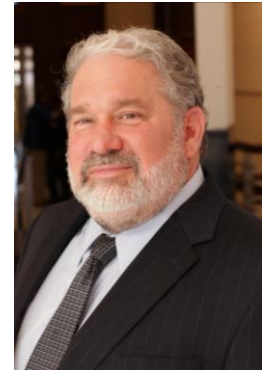
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From the Director

The Office of Small Credit Union Initiatives (OSCUI) supports the success of small credit unions through training, consulting, financial assistance and partnership and resource opportunities. OSCUI recognizes the unique role small, low-income designated and new credit unions play in the lives of their members and communities. We are committed to helping these credit unions not only survive, but thrive.

But, small credit unions are in decline. Over the past decade more than half the small credit unions have vanished. Fully 66% percent of the decline was due to mergers; however, 23% of the disappeared small credit unions outgrew their classification; they are no longer small! Only 11% caused losses to the Share Insurance Fund.



The causes of the decline include an environment where the 100 largest financial institutions own 74% of the market, where electronic financial services are expected, where scale efficiency reduces credit union operating expense ratio by 75 basis points and the economic downturn has increased financial stress.

There are three broad areas of long-term sustainability concern for small credit unions: business model, succession, and fraud.

- About 60% of the problems OSCUI sees relate to stagnate business models: decreasing connection with field of membership, inability to expand services to meet member needs (no electronic services), and inadequate retail presence (home based or limited hours).
- Another 30% of the problems trace their connection to succession.
- Finally, internal fraud was the most significant factor of losses to the Share Insurance Fund in small credit unions.

Our job is to develop programs and services that facilitate sustainability for small credit unions. That means credit unions that serve members well, add services as members need, maintain a positive ROA, and grow.

Why the bother? The value of small and new credit unions is their close contact with members and their needs. New credit unions arise when groups of individuals find the existing financial system is not providing them with all they need. Small credit unions are great at exploring new niches and new ways to serve members (Latino, African-American, Low-Income, church) and new product ideas (payday alternative loans, remittances, check cashing, youth credit unions, individual development accounts, secondary capital, and financial education). Every credit union has to pass through “small” on its way to “giant.”

This is not our job alone. We recognize that there are many hands encouraging and supporting small credit unions. Collaboration with government agencies, industry leaders and other nonprofits is the most effective way to achieve our goals. As OSCUI builds its support offerings to small credit unions, we will continue to inform credit unions and industry leaders of our progress through press releases, the [OSCUI website](#) and our e-newsletter [FOCUS](#).

William L. Myers, Director
Office of Small Credit Union Initiative



Executive Summary

This report is a first for OSCUI! We traditionally issue an annual report of our accomplishments, but the audience has been solely internal. This year, consistent with our new communications strategy, we are making the report available for all our stakeholders. To be clear, we haven't merely changed the names on the distribution list and issued the "regular, old" report; we re-thought our approach and developed this report with you in mind.

Evaluating and improving the way we connect with eligible credit unions and the field was a major emphasis for us in 2012. In addition to our redesigned e-newsletter and website, we committed to improve customer service experiences within our programs.

We substantially changed the Consulting Program last year. Historically, credit unions were nominated and accepted for assignment to an Economic Development Specialist (EDS) via an open and rolling enrollment process. In June 2012, we moved to semi-annual enrollments in June and December. Now, an enrolled credit union receives EDS assistance during a six-month period before being graduated from the program. We also allow credit unions to self-nominate to the consulting program. During our first semi-annual enrollment period, 206 credit unions were served – a record!

The 2012 training year was the year of partnerships! With recommendations from past attendees, we developed topics and workshop formats to assist us in delivering exceptional education to credit unions. We made greater use of electronic media to deliver live and on-demand training to credit unions. As always, our training was provided free to credit union attendees.

We expanded our Partnership and Outreach efforts. Traditionally, our partners were confined to other federal government agencies. We now consider partnerships with non-profit organizations such as the Aspen Institute. As for outreach, we ended the year with the launch of a redesigned OSCUI microsite. We hope you'll now find our web materials easier to access and more helpful.

If you are familiar with or have used one of our programs, we hope this report will help you learn about all the services we offer. If you've never used our services, we hope to increase your awareness of OSCUI as a valuable resource for your credit union's needs in the areas of consulting, grants and loans, training, and other resources. If your credit union fits within our mission, we'd like to work with you. In sum, we want this report to convey the myriad of ways that we can help your credit union survive and thrive.

We have listened to credit union and peer feedback and implemented changes to the services OSCUI provides small credit unions. We hope you make the most of the new and improved OSCUI. We look forward to assisting your small credit union!

Martha Ninichuk
Deputy Director, OSCUI



Consulting

About our Consulting

OSCUI offers enrolled credit unions consulting on strategic management and operational issues. Many small and developing credit unions have immediate needs for operational assistance. Those would include:

- Chartering
- Field of Membership expansion
- Internal controls

The types of consulting we provide most frequently are:

- Strategic planning
- Budgeting
- Net Worth Restoration Plan / Prompt Corrective Action
- Lending

We also provided assistance with respect to training for staff and officials, marketing plans, and product development. Our 15 nationally-based EDSs render one-on-one consulting to enrolled credit unions. The 325 consulting services provided during 2012 well surpassed the 245 provided during the prior year.

Assistance with NWRP

In 2012, NCUA revised the regulation governing Prompt Corrective Action (PCA). Under the revised regulation, OSCUI was appointed to assist any small credit union with less than \$10 million in total assets that is classified as “undercapitalized” or less. Through the Consulting Program, OSCUI assists such credit unions to formulate a Net Worth Restoration Plan (NWRP). During 2012, the EDSs assisted in developing 13 NWRPs approved by NCUA regional directors.

Encouraging New Credit Unions

In addition to working with existing credit unions, EDSs assist organizers seeking to charter new credit unions. During 2012, EDSs assisted 11 charter organizers. OSCUI staff shared responsibility for two new charters issued by NCUA in 2012:

- Internet Archive FCU in New Brunswick, NJ, chartered in August
- Community Promise FCU in Kalamazoo, MI, chartered in September

Satisfied customers?

We have two sets of clients on each consulting contact:

- *the credit union and its management team; and*
- *the assigned NCUA examiner and regional office.*

Here’s how we ensure that the needs and expectations of both are met:

Credit Union Survey:

After each consultation we provide credit union officials a chance to give us feedback through an online survey. We use the feedback to assess the effectiveness and relevance of the program.

The table below shows the average response per question for the 103 responses we received from credit unions in 2012. Each question is on a scale of 0 to 5. The average for 2011 is shown in ().

Question	Score
Effective communication throughout the contact?	4.87 (4.86)
Results-oriented with sufficient direction?	4.85 (4.75)
Relevant discussion to address issue/goals?	4.84 (4.84)
Understood materials and information?	4.81 (4.75)
EDS answered your questions?	4.90 (4.82)
Will your credit union benefit from the consultation?	4.90 (4.76)

For more information about our consulting services, visit the Consulting section of OSCUI’s microsite at www.ncua.gov/oscui/consulting.



Donated Computers

Fourteen credit unions are now able to improve member service and reduce their environmental footprints with new laptop computers provided by the NCUA through OSCUI. OSCUI identified all credit unions that manually filed quarterly Call Reports and provided them an opportunity to receive a computer. The donated computers helped modernize operations and enabled the credit unions to file their 5300 Report online resulting in greater speed and data accuracy.

Each of the credit unions receiving a computer had less than \$10 million in assets. Additionally an EDS was assigned to follow-up with each credit union to provide necessary training on its use. The computer donation to small credit unions fulfills one of NCUA Chairman Matz's "greenNCUA" environmental initiatives aimed at reducing paper use, lowering energy consumption, and increasing recycling.

Field Staff Survey: *We survey NCUA field and supervisory examiners after each contact to get their opinion on the service rendered to their assigned credit union.*

Question	Response
EDS discussed plans for contact?	95% Yes
Report explains service requested, provided, and the results?	100% Yes
Would you recommend program to your peers?	100% Yes
Will you use program again?	100% Yes
Respondent's tenure with NCUA?	3% < 1yr. 56% 1-5yrs. 8% 5-10yrs. 33% >10yrs.

Have a question about our consulting services?
Contact our Consulting staff by email at oscuiconsulting@ncua.gov.



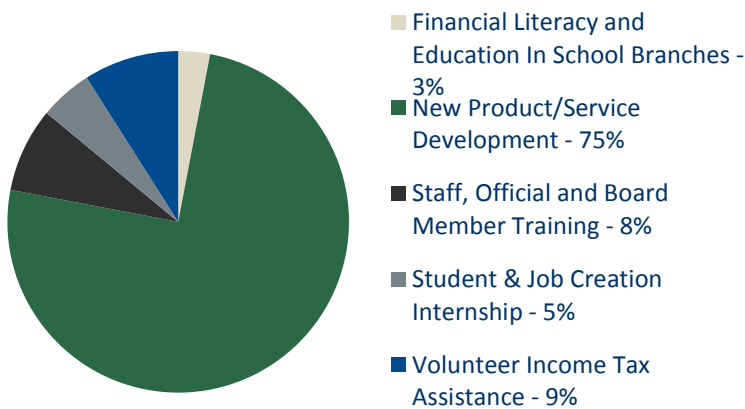
Grants and Loans

Our Grant and Loan Program was established by Congress to provide grants and reduced-rate loans to enable credit unions to provide financial services and stimulate economic activities in underserved communities. The program is funded by congressional appropriation and is administered by OSCUI.

Grant Program

In 2012, we awarded nearly \$1.4 million to 103 low-income designated (LID) credit unions. The graph below shows the allocation of awards by initiative. The allocation is consistent with the requests we received from applicants.

Awards Approved Per Initiative



Community impact is the leading factor used to approve credit union applications. See Appendix 1 for examples of the uses of funds awarded for each initiative.

Major changes to the Grants and Loans Program included:

Fully-Automated System

Funding applications and reimbursement requests are now submitted online and require less time to complete.

Improved Outreach

Varied communication methods used to increase awareness of funding opportunities using: direct email, webinars, OSCUI website, FOCUS e-newsletter, and media releases.

Combined Application

Grant funding initiatives now use a single application and guidance for the various initiatives now in one document*.

*-The Urgent Needs Grant has a separate application.

Grant Panel Review

To create a balanced panel with the expertise needed to address the variety of proposed funding uses, NCUA staff with diverse experience reviewed the grant applications.

Foster New Credit Union Development

Newly chartered credit unions now eligible for Urgent Needs Initiative grants.

To learn about the grant and loan initiatives for 2013, visit the Grants and Loans section of our website at www.ncua.gov/oscui/grantsandloans.



Loan Program

Through the Loan Program, we provide reduced-rate loans to low-income designated credit unions. Our goal is to help credit unions provide basic financial services to low wealth and unbanked, underbanked consumers. Additionally, such support enables the credit unions to improve their operations.

In 2012, we made nearly \$3 million in loans to 10 credit unions – a three-year high! The application volume increased by 100% over the prior year. The majority of credit unions awarded proposed to use the loans to implement new loan products or expand existing loans to individuals in underserved communities.

NCUA and OSCUI made several improvements to the loan application process. We modified the regulation governing the loan program to improve the availability of funds. We streamlined the application process to coincide with the new regulation. Beginning in 2012, LID credit unions were eligible to apply for a 5-year balloon note with an interest rate of 0.4%.

Grant and Loan Program Improvements

As a result of significant process improvements, we were able to process more funding applications. As a result, we experienced an increase in the number of first time applications.

Some of the changes implemented included:

- *Fully automating the application system:* Streamlined the application and review processes, improved our efficiency and resulted in quicker decisions.
- *Expanding our marketing efforts:* We promoted awareness of available funding through our website, FOCUS e-newsletter, agency press releases, and direct email notifications.
- *Improved application guidance:* Provided application tips for prospective applicants, particularly first-time applicants.

We got computers!

Hurricane Sandy was the largest Atlantic hurricane on record... The storm surge hit New York City on October 29, flooding streets, tunnels and subway lines and cutting power in and around the city.

OSCUI awarded \$ 237,161 to 43 credit unions to address urgent needs in 2012.



Julia Boldina, Operations Manager and Mira Ness, CEO – NYU Federal Credit Union.

You and your co-workers were extremely helpful to us during the Hurricane Sandy. It happened... when we usually post... monthly payroll ... [impacting] 2,269 members.

We had no electricity at the credit union, but we were able to set up a remote office. We had no laptops to work on until we got the grant... Once we got the computers... We were able to post the payroll...

*Mira Ness, CEO
New York University FCU
New York, NY*

OSCUI provides funds year-round to credit unions to address urgent needs. An unexpected event that hinders a credit union from providing products or services may qualify. For more information, email us at oscuiapps@ncua.gov.



Training



Attendees at NCUA 2012 Credit Union Training Workshop
Nashville, TN, August 2012

2012 Training by the numbers:

- ***32 Workshops*** hosted throughout the country.
- ***967 Credit unions*** attended an OSCUI workshop.
- ***2,129 Individuals*** trained during an OSCUI workshop.

Workshops: Key Partnership with CUNA Mutual

In developing the agenda for our 2012 training workshops, we focused on top concerns identified during the examination process. One such area was fraud. A significant examination finding was the correlation between failed and failing credit unions and external and internal fraud. Therefore, this topic took center stage on the agenda.

CUNA Mutual, which regularly performs risk management assessments for credit unions, developed presentations covering various aspects of fraud, including:

- wire transfer fraud,
- fraudulent deposits,
- lending fraud, and
- employee dishonesty.

CUNA Mutual's risk management staff throughout its regions delivered these topics at our workshops.

Another example of our training partnerships is the development of the Asset Liability Management training module. We wanted credit union officials to better understand product pricing and management of

Want to get the 2013 training schedule, including the agenda and training locations?
Visit the Training section of OSCUI's microsite at www.ncua.gov/oscui/training.



interest rate risk in the current economic environment. We enlisted the expertise of CUNA's Vice President of Economics and Statistics, Mike Schenk, to develop the presentations that our EDS consultants delivered at the OSCUI workshops.

Each workshop began with our traditional topics: *Issues Facing Credit Unions* (a regional perspective), *Examination Issues*, and *OSCUI – Who we are and what we can do for you!* The remaining sessions that rounded out the workshop agenda were:

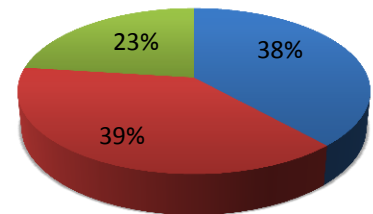
- ***Duties of Federal Credit Union Board of Directors – Part 2:*** This was a continuation of the financial literacy program we provided to directors in 2011. The 2012 training focused on the nature of net worth and its importance in providing a cushion against losses and downturns in the economy.
- ***Board Governance:*** This was offered as an ancillary topic. The presentation addressed broad-based principles of governance and how director engagement, or disengagement, can impact the credit union success. The presentation also highlighted the role of volunteers in charting a credit union's direction.
- ***Outreach panel:*** During the lunch breaks, we invited private and non-profit organizations to discuss partnership opportunities with credit unions. The organizations represented the fields of financial literacy, youth advocacy, membership growth, and product development and included Money Management International and Junior Achievement.

Videos and Webinars: New Offerings

We continued to expand our use of electronic media for training. During the first half of the year, we produced the video, *Direct Assistance* as part of the "OSCUI – Who we are and what we can do for you" series. The video showcased our Consulting Program and how it complements our other programs. Additionally, officials from credit unions that previously received our consulting services provided first-hand accounts of their experiences with the program and the impact on their credit union operations.

In December, we produced the *Mergers – The Facts and Realities* webinar to an audience of more than 600 viewers. A recording of the webinar, and all our productions, are available on our website.

Our training is designed for small credit unions, but all are welcome!



■ < \$10M ■ \$10M - \$50M ■ > \$50M

The graph above shows the overall attendance rate for our workshops by credit union asset size*.

* - In 2012, a "small credit union" was defined as having less-than \$10 million in assets.

Share your comments with us about a past OSCUI training event or desired training at oscutraining@ncua.gov.



Partnerships and Outreach

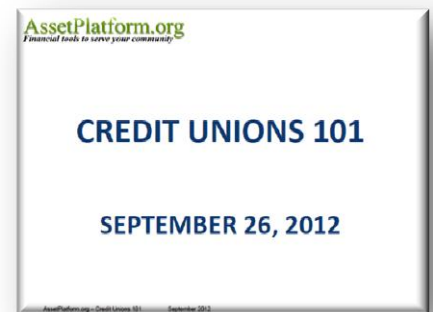
Partnerships

Achieving a successful partnership requires the right mix of timing, commitment, and resources. By broadening our vision of successful partnership arrangements to include non-profit organizations, we expanded credit union access to products and services that may benefit their membership.

Our newest partnership is with the AssetPlatform group within the Aspen Institute. We helped promote credit union participation in the group's pilot to identify effective marketing strategies for low-income individuals. Our staff was invited to present on AssetPlatform's educational webinar for non-profit credit counselors interested in learning about credit unions and how their approach to financial services differed from banks. The organization's online Credit Union Locator helps financial counselors who primarily serve low-income individuals match their clients with local credit unions that offer products and services that cater to their needs. Examples of these services include: alternative payday loans, credit builder loans, and secured credit cards.

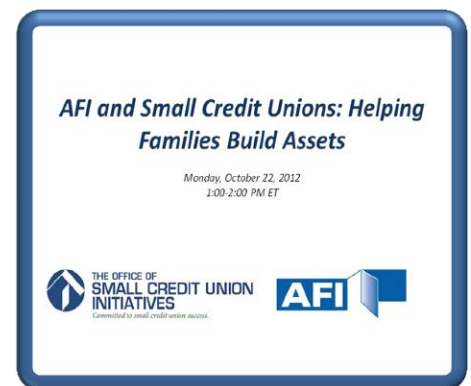
Our partnership with the Assets for Independence (AFI) Program of the U.S. Department of Health and Human Services (HHS) entered its second year in 2012. As in 2011, we collaborated on a webinar for credit unions. More than 70 credit union officials and league representatives received information about individual development accounts in general, and the AFI program, in particular. Additionally, we also worked with AFI staff to develop marketing materials for credit unions.

We continued our work with our other established federal government partners the Community Development Financial Institutions Fund and the U.S. Internal Revenue Service's Volunteer Income Tax Assistance Program. Our regular contacts with these agencies help us to keep credit unions aware of opportunities and services available through their programs.



Expanding your access to available opportunities!

Working with our partners, in 2012 we helped promote increased awareness of the financial products and services that credit unions offer to low-income individuals; and co-sponsored a webinar for credit unions to promote wealth-building for low-income individuals and communities.



Want more information on other federal agencies and organizations with programs and resources for credit unions? Visit the Partnerships section of OSCUI's microsite at www.ncua.gov/oscui/resources.

Office of Small Credit Union Initiatives

Home > Credit Union Resources and Information > Office of Small Credit Union Initiatives

The Office of Small Credit Union Initiatives (OSCUI) supports the success of small credit unions through training, assistance and partnership opportunities. OSCUI recognizes the unique role small, low-income designated, and new credit unions play in the lives of their members and communities. We are committed to helping these credit unions not only survive, but thrive.



Outreach

Last year, we focused attention on improving how we communicate with external stakeholders including credit unions, credit union leagues and trade associations. Early in the year, we engaged a consultant to assess stakeholder awareness of our services and the effectiveness of our communication.

Based on feedback, we developed a marketing and branding strategy that emphasized the unique services OSCUI provides to credit unions. Our services are unique not only within NCUA, but among all federal regulators of financial institutions. The plan called for consistent messaging and included creation of an office logo and icon; creation of a single marketing piece to explain all our services; and redesign of our e-newsletter and website.

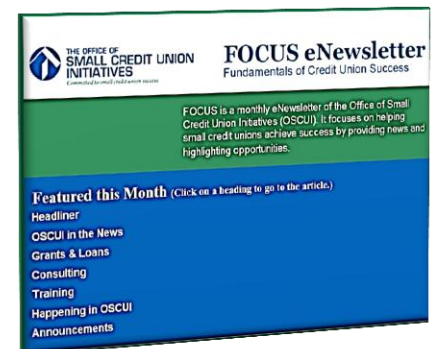
The year marked the first full-year of producing FOCUS, our monthly e-newsletter. Since its release under the revised format, FOCUS has amassed a regular monthly readership of nearly 4,000. Key to our marketing-branding strategy was the launch of our redesigned website in December. Because it is located within NCUA's website, the new site at www.ncua.gov/oscui is a "microsite". It was designed to improve access to and expand information about our services.

Another key aspect of our communication strategy was improving our contacts with credit union leagues. In the latter half of the year, we conducted an outreach campaign to all leagues. We also assigned an EDS to each league to serve as liaison in order to help us explore mutually beneficial educational and service opportunities.

Find us at
www.ncua.gov/oscui

Now, from our website you can:

- View recordings of our latest videos and webinars
- See our 2013 training schedule and register to attend a boot camp or workshop
- Request consulting service from an EDS (during enrollment periods)
- Obtain an application for a grant or loan
- Learn about available resources and opportunities through our partners



Back issues of FOCUS, our monthly e-newsletter, are available on our website at www.ncua.gov/oscui/focus.



Program Success

The next few pages are examples of success stories from our work with credit unions through our Consulting service and Grant and Loan Program.

Consulting Program

The examples below are summaries of work that we performed during 2012. Due to the nature of some of the issues, we have not identified the credit unions.

Net Worth Restoration Planning

An EDS was brought in to help a credit union after it struggled unsuccessfully to develop a Net Worth Restoration Plan (NWRP). Working with credit union officials, the EDS helped develop an action plan entailing cuts in salary and general operation costs. At the conclusion of the consulting service the NWRP was accepted by the NCUA regional office and the credit union remained in operation to serve its members.

Management Operations

The credit union had a number of serious problems, most notably, the need to replace its long-time manager who the board identified as no longer fulfilling the duties of the position. The EDS provided training to the manager's back-up so they could quickly assume full responsibility of the management position. The EDS also secured a mentor credit union for the new manager. The mentoring relationship called for regular staff visits to provide training on the credit union's operational system and included ongoing guidance on other issues that may arise. The consulting service was credited with preventing the credit union from needing to seek a merger due to lack of succession.

Loan Portfolio Management

The credit union had a sizable earnings problem; it was in jeopardy of being downgraded to a CAMEL 4 and receiving a Letter of Understanding and Agreement. The major issues were loan delinquency and the absence of positive earnings. The EDS worked with the credit union officials to develop a strategic plan for operational improvements and growth. She also helped the officials enhance the operating budget. As a result of the EDS assistance, the credit union has begun to turn the corner toward profitability.

What some of our credit union clients have said about our services?

We routinely receive comments from credit union officials about the services they receive. Following are some of the comments we received during the year.

...your help with our strategic planning process was excellent and so professional. You were a great facilitator and really enabled us to verbalize and prioritize our strategies for next year and beyond.

Theresa Hasson, Director
Stepping Stones
Community FCU

...Each person I spoke to was patient, understanding and helpful. The attitude of the staff was very important and helped me... due to the shortage of staff and failure of equipment.

Peggy Agard-Ifil, CEO
Abyssinian Baptist
Church FCU

Share your credit union's experience with our Consulting service at oscuimail@ncua.gov.



Conversion to Electronic Operations

The credit union was one of few in the nation with entirely manual operations. This negatively impacted the credit union's ability to serve its members and made operations difficult. Some of the difficulties were:

- Regularly closing the office to prepare month-end financial records, update passbooks and post dividends;
- Limited ability to offer new services;
- Dampened membership growth due to lack of services;
- Inability to accomplish ACH activities for loan payments;
- Challenges in compliance with BSA and OFAC; and
- Inability to file quarterly e-5300 Report.

The EDS provided advice to the credit union officials on seeking a low-income designation (LID). Once obtained, the LID designation opened the path for the credit union to qualify for NCUA's Grants and Loans Program. The EDS successfully guided credit union officials through the application process for the special Urgent Needs Computer Modernization Initiative. The credit union secured a grant to computerize its operations.

Field of membership expansion

When the EDS arrived, half of a faith-based credit union's membership had left the credit union over issues surrounding the departure of the church's pastor. The EDS provided timely and essential guidance to the credit union officials in the areas of field of membership expansion and lending program development. The EDS also encouraged the officials to introduce a STS (small amount loans) product to help address the competition the credit union experienced with predatory payday loans. The program also provided a way to reduce the operating loss for 2012 and contribute to future earnings.

On Friday, April 20, 2012, Lynn Askers gave a Financial Literacy Training (FLT) Part II at our U.P. Chapter annual meeting. Approximately 500+ people attended the meeting.

Last year, Ms. Askers gave FLT Part I, which was thoroughly enjoyed by my Board of Directors...

My Board looked forward to Ms. Askers Part II session - and they sure weren't disappointed! They loved it!... The Board meeting after her presentation was filled with excitement. I have always enjoyed a well versed, well informed Board; but now they "really get it". They were filled with questions, and before I could answer some of them, they had to demonstrate how they now knew the answers. It was fun! It was great to see them implement and use things they learned in her training session.

Thank you.

Diane Moilanen, CEO
Settlers FCU



Grants and Loans

Following are examples of awards made to credit unions under the 2012 grant initiatives:

Credit Union: Wyoming Valley West Community FCU

Initiative: Financial Literacy in School Branches & New Product/Service Development

Award Amount: \$22,337

Wyoming Valley West Community FCU installed an ATM in its school branch with funds from the Financial Literacy Initiative. Credit union officials collaborated with school administrators to install the ATM on the school campus. This immediately increased the credit union's presence within the community and amongst the students. Previously, when the credit union hosted financial education events for the students, it would receive feedback that the students "already have an account at a bank". Installation of the new ATM led to great interest in the credit union among the students and their families.

In addition to its financial literacy efforts, the credit union launched its first online banking program. This new product offered members the ability to access their accounts online, obtain e-statements, pay their bills, and apply for various lines of credit. The new service is often praised by members who were on the verge of leaving the credit union due to the lack of such service, and new members who joined because of the service. The credit union believes these initiatives have significantly impacted their communities and will continue to expand its outreach.

Credit Union Name: Butte FCU

Initiative: New Product/Service Development

Award Amount: \$25,000

Butte FCU implemented a new audio response system. The credit union serves a growing Hispanic membership of approximately 40%. To improve products and services for its members, officials decided to implement a bilingual audio response system. The new system allows members to perform several different functions including: balance inquiries, transfers, review account activity, etc. The credit union successfully implemented the new system despite some unanticipated challenges replacing the old system.

"What was eye opening was the level of excitement this project brought to our membership base. It has provided a spark that is greatly needed at this time"

"We knew that online banking was important to today's customers. We also knew that to maintain our membership and continue to grow; we would need to add online banking."

Paul Appel, CEO
Wyoming Valley West
Community FCU

"As this service is available in English and Spanish, all members and the Credit Union is able to benefit from this service..."

David Morgan,
President/CEO
Butte FCU

Share your credit union's experience with our Grants and Loans Program at oscuimail@ncua.gov.

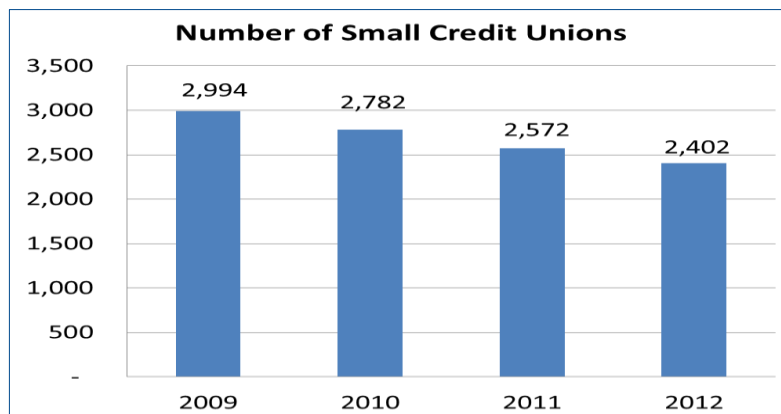


Small, New and Low-Income CUs

This section provides a brief overview of the three categories of credit unions that OSCUI focuses upon.

Small Credit Unions

Small credit unions (SCU's) represent 35% of all federally-insured credit unions. As of year-end 2012, there were 6,876 federally insured credit unions, down from 7,094 at the prior year-end. In aggregate, SCU's had total assets of \$9.6 billion, less than 1 percent of all federally-insured credit unions, in aggregate. This translates to an average size of \$4 million per SCU.



The number of small credit unions declined through 2012, continuing a 10-year trend. The most significant attributes for the decline, in order, are mergers, liquidations, and growth beyond \$10 million. The last category is a favorable milestone, generally indicative of an institution that is not just surviving, but thriving.

New credit unions

Through our consulting service, we assisted with two (40%) of the five credit unions chartered during 2012. A “new” credit union is one that has been in operation 10 years or less. NCUA’s experience is that once a credit union reaches 10 years of operation, its chances of survival increase. OSCUI’s goal is to assist these credit unions, through our programs and initiatives, to reach the 10-year+ milestone.

The assistance we provide to new credit union organizers is free of charge. Through our Consulting program, we assign an EDS to assist organizing groups as they navigate the chartering process. For 2013, we will make a concerted effort to assist organizing groups committed to opening a credit union to reach charter completion. Examples of the assistance we provide include:

Organizing a credit union

- Organizing a team of subscribers and assistance completing NCUA organizer forms.
- Developing a comprehensive new charter application including a comprehensive business plan, financial projections and marketing plan.
- Developing operation policies.
- Obtaining NCUA’s Low Income Designation.
- Obtaining information about recommended and allowed products and services for newly chartered credit unions.



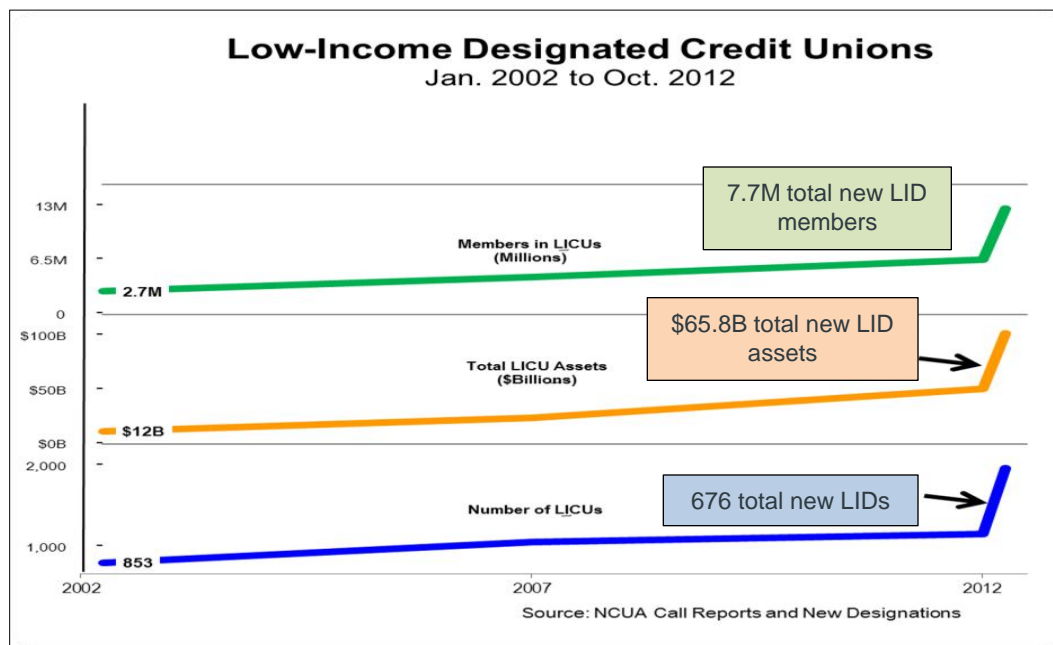
Additional Guidance

Through our other program areas, we can assist organizers with:

- Information on required insurance, rules and regulations, and the costs to charter a credit union through the NCUA website.
- CEO Boot Camp – planned for 2013 through our Training program.
- Guidance on identifying funding sources, developing community or sponsor commitments through our website.
- Board, staff and committee training including succession and continuity planning; and guidance on third party relationship due diligence through our Training program.

Low-Income Credit Unions

The number of low-income designated (LID) credit unions spiraled in 2012. After determining that more-than 1,000 credit unions qualified for the designation, in August, NCUA launched a campaign to promote awareness of the benefits of the designation. By October, the number of LID credit unions grew to 1,874. The median asset size of a new LID credit union was \$23.8 million. The chart above shows the burgeoning increase in membership served and combined total assets of the LIDs as a group as of October.





APPENDIX: 1

AWARDED USES OF FUNDS

2012 GRANTS AND LOANS PROGRAM

Financial Literacy and Education In School Branches	New Product / Service Development	Staff, Official, and Board Member Training	Student and Job Creation Internship	Volunteer Income Tax Assistance
ATM In Existing School Branches	Home and Mobile Banking	Regulation Compliance	Marketing Campaign for Specific Demographic	New VITA programs
Consulting, Laptop & Marketing Material for New branches in Elementary and High Schools	Online Bill Pay	Product Offerings	Event Planning	Improvement to Operational Efficiencies of Site
Financial Literacy Materials for Branch Education Program	Bi-lingual quality control response system	Strategic Planning	Financial Education Program	Program Expansions to New Site Locations
	Online Loan Applications	Financial Literacy Counseling		Innovative Marketing Ideas to Increase Community Served
	ATMs in Underserved Communities	Effective Branch Management		

For more information and guidance on the Grants and Loans initiatives visit that section of our website at www.ncua.gov/oscui/grantsandloans.